GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1145
ANSWERED ON:21.08.2007
FDI IN REAL ESTATE
Chinta Mohan Dr. ;Rao Shri Kavuru Samba Siva

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the Funds of Foreign Direct Investment (FDI) in real estate projects attracted each year during the last three years and factors responsible for low flow of FDI in the sector;

(b) whether the Government proposes to formulate a policy with single window clearance system for making existing regulations more flexible to encourage private sector builders and foreign investors to invest in real estate and construction sectors; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a):Vide Press Note 2 (2005 Series) dated 3-3-2005 Foreign Direct Investment (FDI) up to 100% under the automatic route is allowed in townships, housing, built-up infrastructure and construction development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) subject to minimum capitalisation / minimum area development norms. FDI inflows for real estate projects have been maintained separately only from 2005-06. The FDI inflows received into the real estate sector was US $ 38.04 million in 2005-06 and US $ 467.34 million in 2006-07. Segregated inflows for the year 2004-05 for the real estate sector are not available.

(b) & (c): Government has put in place a liberal friendly policy for FDI in the construction development and real estate sector under which FDI up to 100% is permitted on the automatic route, no prior approval of the Government is required.